

Funding and facilitating innovation

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4. Conclusion

In this dissertation, I examine two phenomena related to corporates' inertia to innovate. First, I investigate effects of providing non-diagnostic information in risky capital budgeting decisions and how there are limits of providing information to decision-makers to facilitate capital budgeting tasks for risky projects. Although decision-makers tend to receive more and more information in practice, which is primarily due to decreasing costs to acquire information, my research shows that this can trigger suboptimal decision-making due to the integration of irrelevant information in the decision process. Whereas a suboptimal resource allocation to innovation projects is a main reason for failed corporate innovation (Bladwin, 1991). Second, I scrutinize the role of top managers in innovative intrapreneurship projects and how leading decision-makers in organizations can facilitate the success of intrapreneurial undertakings. While traditional corporate virtues like short-sighted management incentives, limited technological expertise and thorough project controlling tend to hinder an innovation-driven surrounding, I analyze top management behaviors that induce success and innovativeness of intrapreneurship projects.

4.1 Summary

In chapter 2, my research shows that nondiagnostic information creates a dilution effect in capital budgeting decisions thereby reducing investments. I find this effect to be more pronounced as more nondiagnostic information is provided. My results demonstrate that decision makers exposed to high risk, invest significantly less as compared to their peers in a low-risk setting. I find decision makers to utilize more nonfinancial information for their decision-making processes in the absence of risk and cognitive load. This is in line with general advocacy in accounting literature, to compliment capital budgeting tasks with nonfinancial information to generate a more comprehensive decision fundament. However, decision makers' behavior changes when exposed to high cognitive load, which leads to a reduction of

nonfinancial information, such that more familiar financial information is preferred and used. In the light of high risk, decision makers show indifferent behavior towards financial and nonfinancial information. My findings underline that there are beneficial limits to providing more information to decision makers, particularly when these are of nondiagnostic nature. The use of nonfinancial information, although deemed recommended by former research, can be deteriorated by cognitive load, bringing decision makers to favor familiar, financial information.

In chapter 3, I show that TMS has a positive impact on intrapreneurship project success, while its effect on intrapreneurship project innovativeness is arguably negative. My results also confirm that an intrapreneur's internal company network positively mediates the relationship between TMS and project innovativeness. From the results, I find that the role of top managers is ambidextrous. Top managers are responsible for (re-)shaping organizational structures by overcoming innovation adverse processes, while proactively addressing other managers' concerns. Further, top management needs to make way for intrapreneurs themselves, to avoid undermining competent and ambitious intrapreneurs in their pursuit of novel business ventures to contribute to overall firm performance. Conversely, intrapreneurs expect top managers to assume an empowering function that consists of sparring, experience and the provision of their personal network. The latter is to be achieved through the creation of an intrapreneurial environment by top managers to facilitate intrapreneurs' pursuit of a venture building. Consistent with the case studies, the empirical analysis confirms that particularly for bottom-up initiatives like intrapreneurship, an internal network is critical for the success, but also for the innovativeness of intrapreneurship.